



# **PSC NEWS**

## **Missouri Public Service Commission**

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**FOR IMMEDIATE RELEASE**

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### **PSC APPROVES AGREEMENT TO RAISE AQUILA STEAM RATES**

JEFFERSON CITY—A majority of the Missouri Public Service Commission has approved an agreement resolving all issues in a steam rate case filed by Aquila-L&P (formerly St. Joseph Light & Power) in May of last year.

As a result of the Commission's approval of the agreement, steam rates for Aquila Networks-L&P's seven industrial customers will increase by approximately \$4.5 million (37.5%). The rate change is scheduled to take effect on March 6, 2006. When the company filed its rate request on May 24, 2005, it sought to increase annual steam revenues by approximately \$5 million. The agreement contains a general rate case moratorium through January 1, 2007.

The agreement approved by the Commission contains a fuel adjustment mechanism allowing Aquila to file new steam rates quarterly. Rates can increase or decrease based upon Aquila's actual fuel costs for that quarter. The adjustments (up or down) in rates will reflect changes in Aquila's fuel costs (coal and natural gas) above or below the base amount of approximately \$3.00 per million BTU.

Under the agreement, Aquila retains 20% of the difference between actual fuel costs and base fuel costs when the actual fuel cost is below the base cost. But if the actual fuel costs exceed the base costs, Aquila will be allowed to recover only 80% of the difference, not 100%. In addition, the agreement calls for reviews of those costs to ensure that they were prudently incurred by Aquila. Fuel costs collected in rates could also be adjusted based on true-up results and findings in regard to prudence.

The agreement was submitted to the Commission by Aquila, the PSC Staff, AG Processing, Inc. and the City of St. Joseph. It is not related to any recent legislation. While not a signatory to the agreement, the Office of the Public Counsel did not oppose the agreement and did not request a hearing in this matter.